

Redacted



From: Miller, Jeff
Sent: Monday, October 10, 2011 3:35 PM
To: Cantin, Diana
Subject: Claim No. 182-115769: Notice of Claims by Kaiser Gypsum Company, Inc.

Ms. Cantin,

Our original email (below) acknowledged the December 21, 2010 notice letter that we sent to Lexington Insurance Company on behalf of Kaiser Gypsum Company, Inc (Kaiser Gypsum). We also sent separate notice letters (attached) on that same date to three other excess insurers that are represented by Chartis: ISOP, Landmark Insurance Company, and Granite State Insurance Company. We have not yet received acknowledgement of those notice letters. Can you please acknowledge the notices?

We also sent notice letters dated December 22, 2010 on behalf of Kaiser Cement Corporation (Kaiser Cement) to Lexington, ISOP, Landmark, and Granite State. We have received acknowledgement of those notice letters by letter dated February 28, 2010 from Ms. Litman (attached). Kaiser Gypsum and Kaiser Cement are separate legal entities that owned and operated facilities at different locations on the Lower Duwamish Waterway and received separate Section 104(e) information requests from the EPA. The two entities have separately responded to EPA's information request and continue to incur separate and distinct defense costs. The claims tendered to the insurers by Kaiser Cement and Kaiser Gypsum are separate and distinct claims for coverage under the relevant policies.

Thank you for your help with this.

Jeff

From: Cantin, Diana [mailto:Diana.Cantin@chartisinsurance.com]
Sent: Tuesday, January 11, 2011 9:43 AM
To: Hill, Steven F.
Subject: RE: CID- ack Letter.doc

KG2005435

It serves as an acknowledgement that we have received your notice. We create the first leading claim number and assign an adjuster. The adjuster will check the other policies noticed and then request additional claim numbers if needed.

The adjuster assign to this loss is Maria Litman in the environmental Department. She can be reached at (201) 631-7294.

Hope this helps,
Diana Cantin.

From: Hill, Steven F. [mailto:Steve.Hill@MillerNash.com]
Sent: Tuesday, January 04, 2011 6:09 PM
To: Cantin, Diana
Subject: RE: CID- ack Letter.doc

Ms. Cantin,

Thank you for acknowledging receipt of the notice of claim we sent on behalf of Kaiser Cement Company related to the Lower Duwamish Superfund Site. I noted in your response that you refer to only one of the four Lexington Insurance Company policies we referenced in our letter dated December 21, 2010. Does your e-mail acknowledge receipt of the claim against only this one policy or does it serve as acknowledgement of the claims asserted against each of the four Lexington policies identified in our December 21, 2010 letter?

Thank you for clarifying this for me.

Steve

Steven F. Hill, P.C.
MILLER NASH LLP

500 East Broadway | Suite 400 | Vancouver, Washington 98660-3324
Office: 360-699-4771 | Fax: 360-694-6413
Steve.Hill@MillerNash.com | www.millernash.com
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IRS CIRCULAR 230 NOTICE: Unless specifically designated therein, any advice that may be expressed above (including in any attachments) as to tax matters was neither written nor intended by the sender or Miller Nash LLP to be used and cannot be used by you or anyone else for (i) the purpose of avoiding tax penalties that may be imposed under the United States Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction, plan or arrangement. Each taxpayer should seek advice from their own independent tax adviser, based on the taxpayer's particular circumstances.

From: Cantin, Diana [mailto:Diana.Cantin@chartisinsurance.com]
Sent: Tuesday, January 04, 2011 10:58 AM
To: Hill, Steven F.
Subject: CID- ack Letter.doc

KS2005436

Kaiser Cement Corp.

Sent Via E-Mail: steve.hill@millernash.com

January 4, 2011

Mr. Steven Hill
Miller Nash Attorneys at Law
500 East Broadway
Suite 400
Vancouver, WA

Re: Insured: Kaiser Cement Corp.
Claimant: US-EPA
Site: Lower Duwamish Waterway Superfund Site
Seattle, WA
Policy: 5502895
Claim No.: 182-115769

Dear Mr. Hill:

Please be advised that Chartis Claims Inc. is the claims administrator handling claims arising under the above referenced insurance policy issued by Lexington Insurance Company, a member underwriting company of the Chartis Group. This letter will confirm receipt of your communication, dated December 21, 2010. Chartis Claims, Inc., will commence its investigation of this matter and will advise you of any need for additional information.

If you require, or wish to provide, any additional information, you may contact me at the address and telephone number indicated above. Please use the claim number in connection with all future communications with us.

Please be advised that all first notices of loss involving, environmental, pollution insurance, healthcare, excess workers' compensation, toxic tort claims should be reported using the email address, severityfnol@chartisinsurance.com or using the EZ link fax number, 866-260-0104. Regular mail can be sent to Chartis Claims, Inc., CID Department 101 Hudson Street, 31st Floor Jersey City, NJ 07302.

Very truly yours,

Diana Cantin
Segmentation Technician
Claims Intake and Assignment Department
P & C Severity Claims
Chartis Insurance
Tel: (201) 631-7156
Fax: (866)393-5280
Diana.cantin@chartisinsurance.com

KG2005437



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FAX 360.694.6413

Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Landmark Insurance Company
70 Pine Street
New York, NY 10270

Landmark Insurance Company
3699 Wilshire Blvd
Los Angeles, CA 90010

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Landmark Insurance
Policy No. (Periods): IMB-455-7233 (End. Eff. 01/29/81)
FE4001206 (04/01/81-04/01/82)
FE4001234 (04/01/82-04/01/83)
Claim: Lower Duwamish Waterway Superfund Site

Dear Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KG2005438



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Landmark Insurance Company
December 21, 2010
Page 2

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive

KG2005439



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Landmark Insurance Company
December 21, 2010
Page 3

information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

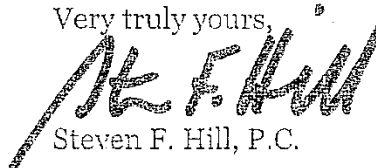
At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Landmark Insurance ("Landmark") sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1981 through 1983. The specific Landmark policies that we have located to date are listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Landmark on notice of this potential claim and request that Landmark provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

If you have any questions, please e-mail me at steve.hill@millernash.com or call me at 360.699.4771.

Very truly yours,



Steven F. Hill, P.C.

cc: Maria Litman

KG2005440

7160 3901 9848 8113 9817

TO:
Landmark Insurance Company
3699 Wilshire Blvd
Los Angeles, CA 90010

SENDER: MN/Hill/Ledwith

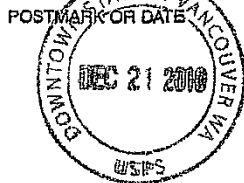
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70 Pine Street
New York, NY 10270

SENDER: MN/Hill/Ledwith

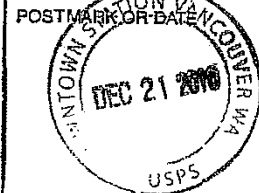
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FAX 360.694.6413

Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

C.V. Starr & Co.
c/o Registered Agent
CT Corporation System
1801 West Bay Drive NW, Suite 206
Olympia, WA 98502

Granite State Insurance Company
2704 Commerce Drive, Suite B
Harrisburg, PA 17110

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Granite State Insurance Company
Policy No. (Periods): 6184-4363 (05/01/84-04/01/85)
Claim: Lower Duwamish Waterway Superfund Site

Dear Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KG2005442
039391-0009/VANDOC5:50142706.1



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Granite State Insurance Company
December 21, 2010
Page 2

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need

KG2005443

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 Granite State Insurance Company
 December 21, 2010
 Page 3

to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Granite State Insurance Company ("Granite State Insurance Company") sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1984 through 1985. The specific Granite State Insurance Company policy that we have located to date is listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Granite State Insurance Company on notice of this potential claim and request that Granite State Insurance Company provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

If you have any questions, please e-mail me at steve.hill@millernash.com or call me at 360.699.4771.

Very truly yours,

Steven F. Hill, P.C.

cc: Maria Litman

KG2005444

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7160 3901 9848 8113 9657

TO:
Granite State Insurance Company
2704 Commerce Drive, Suite B
Harrisburg, PA 17110

SENDER: MN/Hill/Ledwith

REFERENCE: 030391-0008/0009

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1801 West Bay Drive NW, Suite 206
Olympia, WA 98502

SENDER: MN/Hill/Ledwith

REFERENCE: 030391-0008/0009

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Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
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C.V. Starr & Co.
c/o Registered Agent
CT Corporation System
1801 West Bay Drive NW, Suite 206
Olympia, WA 98502

The Insurance Company of the State of Pennsylvania
2704 Commerce Drive, Suite B
Harrisburg, PA 17110

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: The Insurance Company of the State of Pennsylvania
Policy No. (Periods): 411-4919 / 411-4969 /
411-4970 (01/01/71-01/01/74)
4174-5841 / 4174-5842 / 4174-5843 /
4174-5844 (01/01/74-01/01/77)
41777436 / 41777437 / 41777438
(01/01/77-10/01/77)
Claim: Lower Duwamish Waterway Superfund Site

Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release

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December 21, 2010
Page 2

or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

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 December 21, 2010
 Page 3

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, The Insurance Company of the State of Pennsylvania ("ICSOP") sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1971 through 1977. The specific ICSOP policies that we have located to date are listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put ICSOP on notice of this potential claim and request that ICSOP provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

KG2005448

039391-0009/VANDOC5:5014706.1



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ATTORNEYS AT LAW

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The Insurance Company of the State of Pennsylvania
December 21, 2010
Page 4

If you have any questions, please e-mail me at steve.hill@millernash.com
or call me at 360.699.4771.

Very truly yours,

Steven F. Hill, P.C.

cc: Maria Litman

KG2005449

039391-0009/VANDOC5:5014706.1

7160 3901 9848 8113 9763

TO: Insurance Company of the State of
Pennsylvania
2704 Commerce Drive, Suite B
Harrisburg, PA 17110

SENDER: MN/Hill/Ledwith

REFERENCE: 030391-0008/0009

PS Form 3800, January 2005

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Chartis Claims, Inc.

Environmental Claims

101 Hudson Street, 30th Floor
Jersey City, New Jersey 07302

Tel.: (201) 631-7294

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maria.litman@chartisinsurance.com

February 28, 2010

Via Certified Mail – Return Receipt Requested

Steven F. Hill, Esq.
Miller Nash
500 East Broadway, Suite 400
Vancouver, Washington 98660-3324

Re: Insured: Kaiser Cement Corporation
Site: Lower Duwamish Waterway Site
Location: Seattle, Washington
Claimant: United States Environmental Protection Agency
Policies: *Granite State Insurance Company* –
6184-4363 (5/1/84 – 4/1/85)
Insurance Company of the State of Pennsylvania –
411-4919, 411-4969, 411-4970 (1/1/71 – 1/1/74);
174-5841, 4174-5842, 4174-5843, 4174-5844 (1/1/74 – 1/1/77);
41777436, 1777437, 1777438 (1/1/77 – 10/1/77)
Lexington Insurance Company –
GC5502895 (10/7/77 – 10/1/78), 5513539 (10/1/78 – 4/1/79),
5513581 (4/1/79 – 4/1/80), 5514410 (4/1/80 – 4/1/81)
Landmark Insurance Company –
IMB-455-7233 (End. Eff. 1/29/81), E4001206 (4/1/81 – 4/1/82),
FE4001234 (4/1/82 – 4/1/83)
Claim No. 182-082669

RESERVATION OF RIGHTS

Dear Mr. Hill:

Chartis Claims Inc., (formerly known as AIG Domestic Claims, Inc.) a member company of Chartis Inc., is the authorized claims handling representative for National Union Fire Insurance Company of Pittsburgh, PA ("National Union"); Granite State Insurance Company ("Granite State"); Insurance Company of the State of Pennsylvania ("ICSOP"); Lexington Insurance Company ("Lexington"); and Landmark Insurance Company ("Landmark"), all member underwriting companies of Chartis Inc.

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We would like you to know that we appreciate and value Kaiser Cement Corporation ("Kaiser") as a customer and are committed to working closely with the Insured in this matter. If the Insured has questions or concerns after reading this letter, please feel free to contact me.

This claim was tendered under the following primary and excess policies:

Primary –

National Union – 9150324 (4/1/85 – 4/1/86)
9150326 (4/1/85 – 4/1/86)

Excess –

Granite State – 6184-4363 (5/1/84 – 4/1/85)

ICSOP – 411-4919, 411-4969, 411-4970 (1/1/71 – 1/1/74);
4174-5841, 4174-5842, 4174-5843, 4174-5844 (1/1/74 – 1/1/77);
41777436, 41777437, 41777438 (1/1/77 – 10/1/77)

Lexington – GC5502895 (10/7/77 – 10/1/78),
5513539 (10/1/78 – 4/1/79),
5513581 (4/1/79 – 4/1/80),
5514410 (4/1/80 – 4/1/81);

Landmark – IMB-455-7233 (End. Eff. 1/29/81),
FE4001206 (4/1/81 – 4/1/82),
FE4001234 (4/1/82 – 4/1/83)

This letter will discuss only the Granite State, ICSOP, Lexington and Landmark excess policies; the National Union primary policies have been addressed in a separate letter.

According to the terms and conditions of excess policies, Granite State, ICSOP, Lexington, and Landmark are under no obligation to pay any sums until the retained limits have been exhausted. We have received no evidence that the retained limits have been exhausted or are nearing exhaustion. Therefore, at this time, we must regard your notice of claim as precautionary; however, if our conclusion is incorrect, please provide evidence of exhaustion of the retained limits. In addition, we have been unable to locate alleged Landmark policy IMB-455-7233 and request that you provide a copy of this policy.

It is our understanding from the information provided that the Lower Duwamish Waterway ("LDW"), located in Seattle Washington, has been placed on the National Priorities List as a federal Superfund Site due to the release of hazardous substances in or around the Waterway. The United States Environmental Protection Agency ("US EPA") sent a Request for Information to Kaiser on February 19, 2010 regarding the Insured's historical ownership of and operations on property along the LDW. Kaiser has only been able to confirm that it owned property and conducted cement operations at two separate locations along the LDW, that is, 5906 West Marginal Way S.W. ("the Westside Property") and 5975 East Marginal Way S ("the Eastside Property"), both of which are within the boundaries of the Superfund Site.

Kaiser purchased a portion of the Eastside Property in June 1944 and constructed a cement distribution facility which started operations in October 1946. The facilities on the Eastside property that were owned and operated by Kaiser included a dolphin pier, silos, storage facilities, a sacking plant, railroad spurs, truck loading accommodations, and an office building. In December 1953, Kaiser sold a portion of the Eastside Property to Kaiser Gypsum Company, Inc.

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In October 1958, Kaiser purchased additional property, including a water inlet, from Commercial Waterway District No. 1, in order to expand the Eastside Property.

In January 1965, Kaiser entered into a long-term lease with the Port of Seattle ("the Port") for the Westside Property. A condition of the lease required Kaiser to build a cement manufacturing and distribution facility. This facility was constructed and began operations in 1967. Thereafter, in May 1969, Kaiser entered into a real estate contract with the Port and the Insured acquired fee title in the Westside Property on September 17, 1973.

On October 1, 1985, Kaiser sold all of its interest in the remainder of the Eastside Property to Riedel International, Inc.; and, on April 14, 1987, it sold all of its interest in the Westside Property to Lone Star Industries, Inc.

Chartis Claims, Inc. submits this letter on behalf of Granite State, ICSOP, Lexington, and Landmark, reserving its rights and defenses in every respect under the terms, conditions, and provisions contained in the noted policies, and in any other Chartis-related company policy you may identify, as well as all rights and defenses that may be available in law and equity. Any actions taken by or on behalf of Granite State, ICSOP, Lexington, and Landmark, or any other Chartis-related company, should not be construed as a waiver of those rights and defenses, an admission of liability, or an admission of coverage.

If you have any questions, please contact me at (201) 631-7294.

Very truly yours,



Maria Litman
Complex Director
Environmental Claims